ADDRESS

OF

W. D. BYNUM

AT THE

ANNUAL BANQUET OF THE NEW YORK JEWELERS' ASSOCIATION,

FEBRUARY 10, 1898.

A SINGLE STANDARD OF VALUE MEASURE.

"It removes every pretext for dishonest or unwise governments to debase their coins."

SAMUEL D. INGHAM,
Secretary of the Treasury.

Mr. President:

The money question will be the leading question in public affairs until it is settled upon sound principles. I say upon sound principles, because a settlement upon any other basis, while it might for a time appease the clamor of a sincere but misguided sentiment, would ultimately result in greater discontent among the people and greater disaster to their material interests. Instead of a financial system that stimulates enterprise, encourages activity in business, and promotes industry, we have one that congests circulation, burdens production, drives capital into inert instead of active investments, breeds combinations, trusts and monopolies, which seek to prosper by extortions from the masses of the people.

Were it possible for us to efface from our laws every line upon the subject of money and frame new ones, it is doubtful if, with all of our experience, we could devise a system that would more constantly imperil the credit of the nation and prove a greater menace to the financial, mercantile, manufacturing and commercial interests of the country.

The apparently irreconcilable differences of opinion that have arisen over this subject have, in a measure, resulted from the fact that for a generation we have not only upheld, but, until recently, extolled a financial system at war with every sound principle of monetary science, until its poisonous influence, like that of the fabled Upas, threatens the destruction of everything that comes within its shadows. [Applause.] With the knowledge that we have acquired from the experience of other nations as well as our own, we ought to be able to comprehend the basic principles of a sound financial system without the least contention.

The measurement of values is as simple as the measurement of lengths or of quantities. The principle is exactly the same, and the man who has sufficient capacity to understand that, to ascertain the relative lengths or weights of different articles, requires the use of a measure fixed by some invariable law of nature, ought to be able to comprehend that to ascertain their relative values requires the use of a value measure determined by some specific standard. [Applause.]

Almost from the very beginning of our history as a government Congress was engaged in an effort to solve the difficulty which resulted from the operation of the first coinage act, providing for the free coinage of both gold and silver, and only succeeded by establishing, practically, the gold standard in 1834. During the administration of President Jackson, Mr. Ingham, Secretary of the Treasury, in compliance with a resolution of the Senate, in a special report to that body in 1830, submitted his views on the subject, in which he said:

"Amidst all the embarrassments which have surrounded the subject since the adoption of metallic standards of property, it is remarkable that governments have so tenaciously persevered in an effort to maintain standards of different materials, whose relation is so difficult to ascertain at any one time, and is so constantly changing, and more especially when a simple and certain remedy is within the reach of all.

"This remedy is to be found in the establishment of one standard measure of property only. The evil of having two standards arises, as already observed, from the impossibility of so fixing their

relative values by law that one or the other may not, at times, become of more value in the market than estimated by regulations; and when this happens it will be bought and sold according to its market value, regardless of the law. * * * The adoption of one metal as a standard measure of property is recommended by its simplicity.

"*No change in the mint regulations can ever be required, and it removes every pretext for dishonest or unwise governments to debase their coins.*" * * * All agree that measures of weight and capacity should be based on a unit, determinable by some fixed law of nature, and none will pretend that this measure could be perfected by referring to two or more variable laws having no connection or equalizing principle to correct their aberrations. Yet such is the theory of two standard measures of property." [Applause.]

Having determined that a stable unit can be obtained only by the use of a single metal as a standard, the next step is to determine what metal it shall be. This question has already been decided by a power and an influence that neither an act of Congress nor the stipulations of an international agreement can change or modify. It has been decided by the laws of economy, that bow to no master, that acknowledge no superior. [Applause.]

The monetary system of every nation upon the face of the earth has had to succumb to their omnipotence. Great Britain, by reason of her advanced civilization and commerce, more than three-quarters of a century ago discovered the operation of these laws, and conformed her monetary system to them, and from that day to this she has maintained her financial stability and supremacy over all other nations. Germany, France, Belgium, Italy, Greece, Switzerland, Austria-Hungary, Russia, the Scandinavian Union, Chili, Japan, and British India—one after another in rapid succession, in compliance with their mandates, closed their mints to the free coinage of silver. Mexico alone, of the responsible powers, still bears the humiliation of seeing her coins hawked about in the marts of every civilized nation in the world, silent witnesses to the lethargy of her people and the degradation of her civilization. [Applause.]

Gold is the only metal at present from which a stable unit of measure can be freely made, and no nation will be able to maintain

a sound financial system that does not unequivocally recognize this fact. [Applause.]

The gold standard, however, is not synonymous with gold monometallism, nor is it the antithesis of bimetallism, as the advocates of the free coinage of silver continually assert. The standard metal of which the unit of value is composed is one thing; the value measure fixed by that unit is another and a very different thing. The measure may be composed of either gold or silver, the only requisite being a value equal to the standard unit.

The gold in a gold dollar is always the equal in value of a dollar in gold. There can be no variance between the market value of the gold in the unit and the unit; hence they always have the same value measure in the coins of other nations. With the gold standard and a financial system that will insure the maintenance of every dollar of silver and paper money at a parity with the same, no citizen of the United States, whether at home or abroad, no matter what may be the character of his money, will ever be under the necessity of making any inquiry as to its value. It is therefore evident that, to maintain in concurrent circulation gold and silver coins at a ratio other than that of their market value, the silver must, by redemption by the government, be held to the gold unit.

In no other way can we maintain bimetallism at the existing ratio. The advocates of the free coinage of silver, therefore, are not bimetallists, but silver monometallists, parading under a false banner in order that their deluded followers may not be able to discover whither they are traveling until they arrive at their destination. [Applause.]

We are told that the gold standard is too dear—that gold is the money of the plutocrat, and therefore ought not to be made the sole standard of value measure. "We must have a cheaper money," exclaim the friends of free silver. They affect to become greatly incensed over the oppressions of the poor, who are compelled to receive pay for their labor in dear dollars. They grow eloquent in contemplation of the marvelous times coming, when the working people may enjoy the luxury of cheap money. They do not seem to realize that when they are rejoicing over the prospects of cheap money they are in reality exulting over the fact that its purchasing power is to

be reduced—that it is only by an appreciation of prices that money may be said to become cheap. It appears impossible for them to comprehend that one standard is just as dear as another—that the silver, even if stable, would be just as dear as the gold standard. Their process of reasoning would lead them to discard the yardstick upon the plea that it was too long—that it measured too much—and to discard the foot for the inch. Assuredly a foot of cloth would not cost as much as a yard, and why buy by the yard when a foot could be obtained for less money, and why measure by the foot when you could get twelve inches for one foot? [Laughter.]

The inconsistency of the assumption that the laboring classes would be able to secure a larger share of the comforts of life by the use of a cheaper dollar, because they would obtain more of them, with the fact that they are consumers as well as producers, and that whatever advantage they would obtain in the number of dollars they would receive would only be the equivalent of the loss in their purchasing power, does not appear in the least to disturb the minds of these new economists. Their position, carried to its logical conclusion, would be, that by a cheapening of the measure of value, the laboring classes would be enabled to grow rich and prosperous by defrauding themselves. [Laughter.]

The most plausible statement made by them, however, is that prices are regulated by the volume of money in circulation, and, as the supply of gold is limited, prices are constantly falling, or, as they put it, the value of gold is constantly increasing. There is an appearance of truth in this assumption which leads to great error. There can be no question but an insufficient supply of the instruments of exchange may result in a fall of prices in the local markets, and consequently in an apparent rise in the value of money.

Whatever impedes trade, whether it be an inadequate supply of currency or a want of transportation facilities, will result in a fall of prices; therefore, the greater the necessity that we have a monetary system that will at all times and under all circumstances afford an ample supply of currency. [Applause.]

It is because of this fact that it is indispensable that our financial system be based upon a solid foundation. An enlarged system of credit is wholly dependent upon a stable standard. It is impossible to establish a system that will meet the requirements of the diverse

interests, the varied industries and the fluctuating demands of the different sections without a volume of currency that will expand and contract, as the volume of business may rise and fall in the different seasons of the year. Such a volume cannot be supplied by the exclusive use of metallic money, however plentiful the metal of which it might be composed should become. The concurrent use of both gold and silver coins, were it possible to maintain the same at a parity under free coinage, would not give to us a volume of currency of the requisite qualities for the cheap and easy consummation of our trade and commerce.

No system of coinage can be devised that would give an increased volume of currency to meet a sudden demand, or that would contract an excessive circulation after the occasion which had called it into use had passed. Whatever, therefore, may be the metal from which our standard money shall be coined, the volume must be supplemented with a volume of credit money in such a manner as that the volume of circulation will automatically rise and fall with the demand for its use. [Applause.]

Credit money is much cheaper to productive industries than money of intrinsic value, and instead of laboring to increase our volume of coin to the largest possible amount, we should strive to establish a system that would give to us the largest possible circulation of credit money with the least possible volume of coin. [Applause.] By no other system can the stability of prices, so far as they may be influenced by the volume of money in circulation, be maintained. [Applause.]

That a finacial system, such as will meet the necessities of the people of the whole country, can only be established on these lines, is evidenced in every section of the country in the different seasons of the year. In some of the Western States, where money was scarce and rates of interest high a year ago, there is now a superabundance,—more than can find profitable investment. Such radical and sudden changes in the volume of money in a community will, sooner or later, result in overspeculation, and undue increase in land values, to be followed, under adverse conditions, by a shrinkage and ultimately by a depression, if not a panic.

What, then, are the essentials of a sound monetary system?

First and above every consideration it must be so constructed that the term "dollar," wherever it may appear, whether in a bond of the government, upon the face of a bank note, in a bill of exchange, in a promissory note, in every contract and ogligation between individuals, or upon the pages of a ledger in an open account, shall mean a certain, definite, fixed and unquestionable measure of value. [Applause.] This stability in the measure of value is of greater importance to producers than to dealers, because the dealer can and will protect himself against all risks of a fluctuating measure, while there is no one behind the producer upon whom he can cast the burden. If there be the least suspicion that the standard may be changed, that credit obligations may be discharged by the return of less value than was received for them, the whole superstructure of credit will crumble at the slightest evidence of a disturbance.

The business interests of the country, so long as the present system continues, will be subject to disturbance from every influence that threatens a change of policy. The recurrence of elections, the introduction of unfriendly measures in either branch of Congress, or a balance of trade requiring an exportation of gold, may at any time seriously affect business; and yet we wonder why it is that capital is timid; why labor is not wholly employed; and why prosperity has not been fully restored to all classes and to all industries. [Applause.]

Our first duty, then, is not simply more firmly to establish the gold standard, but to implant it by the force of sound logic and convincing argument so deeply and immovably in the minds and in the consciences of the people that no one will dare to assail it. [Applause.]

With all doubts as to the safety of the standard removed, our system of currency must be so reformed as to enable the people of every section of the country, under proper safeguards, to obtain an ample supply of sound money. It will be impossible to protect a stable standard of value and maintain the value of all our currency at a parity with the same, for any great length of time unless we so reform our financial system as to remedy the evils and remove the causes of discontent in the agricultural districts. [Applause.]

No fact has been more clearly demonstrated by the operations of the present system than that the government cannot supply the people by a direct issue, with a currency possessing all the qualities essential to the requirements of the varied interests and localities of the whole country. A central power of issue, even under the most favorable plan of distribution, can never be made responsive in districts remote from financial centers.

While we may not be able to agree fully as to the details of the legislation necessary for the reformation of our monetary system, we ought to be able to unite on the main features of a measure, and demand that those whose duty it is to agree and to legislate shall do so without unnecessary delay. [Applause.]

I realize, perhaps better than most of you, the herculean task of accomplishing this reform. It can be done only with the united support of that great, conservative, but irresistible power when once aroused—the business interests of the country. The business men can no longer afford to yield to others the direction and management of public affairs, and the sooner they realize that their private as well as their public interests are at stake the easier will be the task and the quicker will the agony be over.